Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

CONFIDENTIAL

PAGE 01 LAGOS 10308 281729Z

70
ACTION AF-18

INFO OCT-01 ARA-16 ISO-00 EUR-25 NEA-10 EA-11 IO-14

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 EB-11 COME-00

INT-08 TRSE-00 OMB-01 SCI-06 SCEM-02 CEA-02 CIEP-02

AID-20 STR-08 DRC-01 /233 W
---------- 111563
R 281531Z DEC 73
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 2236
INFO AMEMBASSY ABIDJAN
AMEMBASSY ABU DHABI
AMEMBASSY ACCRA
AMEMBASSY BEIRUT
AMEMBASSY BRASILIA
AMEMBASSY BRUSSELS
AMEMBASSY BONN
AMEMBASSY CARACAS
AMEMBASSY FREETOWN
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY MONROVIA
AMEMBASSY OTTAWA
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS
AMEMBASSY VIENNA
USINT ALGIERS
USMISSION USUN NEW YORK
USMISSION GENEVA
OECD PARIS 3804

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LAGOS 10308 281729Z

C O N F I D E N T I A L LAGOS 10308

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

E.O. 11652: GDS
TAGS: ENRG, NI
SUBJECT: ARAB PRICE INCREASE SUPPORTS NIGERIAN OIL SALE AT
$22.60

REF: LAGOS 10220, 10240

1. SUMMARY. DESPITE LESS THAN COMPLETE INITIAL ACCEPTANCE (REFTEL), APPARENTLY ENOUGH US AND JAPANESE OIL COMPANIES HAVE RENEWED THEIR INTEREST SINCE THE ARAB PRICE INCREASE SO THAT THE NIGERIANS CAN SELL 300,000 OR MORE BARRELS PER DAY OF ROYALTY AND PARTICIPATION CRUDE OIL FOR $22.60 IF RPT IF WORLD PRICES REMAIN HIGH. END SUMMARY.

2. CONCLUSION OF NIGERIAN OIL SALE AND PERSIAN GULF STATES' ANNOUNCEMENT OF NEW OIL PRICES OCCURRED SAME DAY (DECEMBER 22). ON DECEMBER 24 SEVERAL BIDDERS IN ADDITION TO THE ORIGINAL THREE NOTIFIED NIGERIAN NATIONAL OIL CORPORATION THEIR ACCEPTANCE OF $22.60 PER BARREL. EMBASSY HAS DIRECT CONFIRMATION THAT PHILLIPS PETROLEUM TOOK THIS COURSE. REPORTEDLY MITSUI OF JAPAN, SHELL OIL COMPANY OF US, AND KOCH (US FIRM BASED IN WICHITA, KANSAS, ACCORDING INDUSTRY DIRECTORY) HAVE ALSO AGREED TO $22.60. ACCORDING LOCAL REP, OCCIDENTAL DEFINITELY NOT INTERESTED. (HE ALSO NAMED SUN OIL, PHILLIPS, MARATHON, PETROBRAS, AND ESSELINE OF FRANCE AS COMPANIES WHICH REFUSED ACCEPT $22.60 AS OF DECEMBER 22.)

3. CONTRACTS NOT YET SIGNED (OR INITIALED) IN ALL INSTANCES, BUT IT APPEARS NIGERIANS NOW HAVE ENOUGH TAKERS AT $22.60 TO ALLOCATE ENTIRE OFFERING OF AROUND 320,000 B/D STARTING IN JANUARY 1974. APPARENTLY COMPANIES DO NOT CONSIDER THEMSELVES OBLIGED TO TAKE OIL AT THIS PRICE IF WORLD PRICES FALL BETWEEN NOW AND JANUARY 20 OR WHEN LIFTINGS CAN ACTUALLY COMMENCE.

4. COMMENT. IT SHOULD BE NOTED THAT FIVE OF THE SEVEN FIRMS SO FAR REPORTED TO HAVE ACCEPTED WORLD RECORD PRICE OF $22.60 PER BARREL ARE AMERICAN (COASTAL STATES, TEXAS CHEMICALS AND PLASTICS, PHILLIPS, SHELL OIL, AND KOCH). THE NIGERIANS HAVE SHOWN ABSOLUTELY NO INCLINATION TO EXCLUDE US FIRMS FROM THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LAGOS 10308 281729Z

CURRENT SALE. ON CONTRARY, THERE HAS BEEN EVIDENCE THEY ARE SEEKING TO CREATE LONG-TERM RELATIONSHIPS WITH US INDEPENDENTS AND, BY SPREADING THEIR OIL AMONG SEVERAL BUYERS, HAVE IN EFFECT FAVORED SALES TO US FIRMS WHICH ARE MORE NUMEROUS THAN JAPANESE AND OTHER NATIONALITIES. END COMMENT.

5. FYI. NIGERIAN GOVERNMENT HAS STILL NOT NOTIFIED PRODUCING COMPANIES THAT ROYALTIES WILL BE TAKEN IN KIND. DESPITE THIS

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

UNCERTAINTY, COMPANIES ARE PROBABLY PREPARING TO GIVE UP 10 OR
12.5 PERCENT OF THEIR OIL STARTING JANUARY 1 OR SOON THEREAFTER.
ANOTHER YEAR-END CLIFFHANGER IS FMG'S DELAY IN ISSUING OIL
EXPORT LICENSES FOR 1974. THIS IS FIRST TIME GOVERNMENT HAS
ASKED COMPANIES SPECIFY SALES PRICE OF INTENDED EXPORTS (IN
ADDITION AMOUNTS AND DESTINATION). ALL COMPANIES CONSIDER POSTED
PRICE AT TIME OF EXPORT TO BE OFFICIAL PRICE, BUT FMG HAS SAID
THIS UNACCEPTABLE. PRESUMABLY GOVERNMENT IS TRYING FORCE COMPANIES
REVEAL REALIZED PRICES IN ORDER CREATE BASIS OF NEW PRICING
SYSTEM. END FYI.
CROSBY

CONFIDENTIAL

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, PETROLEUM, EXPORTS, PROPOSALS (BID), PRICES, PRICE FIXING
Control Number: n/a
Copy: SINGLE
Draft Date: 28 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: hilburpw
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAGOS10308
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973123/aaaaacaz.tel
Line Count: 126
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: LAGOS 10220, 10240
Review Action: RELEASED, APPROVED
Review Authority: hilburpw
Review Comment: n/a
Review Content Flags:
Review Date: 16 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16-Oct-2001 by hilburpw>; APPROVED <16-Oct-2001 by hilburpw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARAB PRICE INCREASE SUPPORTS NIGERIAN OIL SALE AT $22.60
TAGS: ENRG, NI
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005